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**Title:**  
Speech at Motor Traders Dinner

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The automotive industry in South Australia employs around 15,000 directly and many thousand more indirectly.

It is therefore obvious that a healthy automotive industry must react favourably on the State's economy as a whole.

You will have read that I intend asking the Commonwealth Government to reduce Sales Tax on cars and domestic appliances. Such a reduction from 25% to 22½% would reduce the price of a \$3,000 vehicle by \$75. This may not sound a large reduction in view of the total cost, but experience has shown that the public reacts quite significantly to such price changes. Take, for example, the year 1961 when the Sales Tax on cars fell from 40% to 30%. Sales of cars rose by 6.5% over the previous year. This showed a significant upward curve in the normal annual increase in registrations. This

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occurred again in 1962 when Sales Tax was further reduced to 22½%.

Only last year, due to rumours that the Federal Budget would include increases in Sales Tax, we saw almost panic buying of cars. Registrations leapt dramatically. Market research experts can point to very impressive figures, showing how a price differential of only a few cents can make a dramatic difference to a retail sales curve.

This is much more than just a few cents at stake. This is 2½% of 2, 3, 4, or more thousand dollars, depending on the class of vehicle with which each of you gentlemen is associated.

I, and my advisers, are convinced that such a gesture by the Commonwealth Government would help considerably in stimulating sales of motor vehicles.

And increased sales of motor vehicles must assist very considerably the incomes of the many thousands of South Australians engaged in the automotive industry.

The economy of this State has been affected by prevailing market conditions in other States. These conditions, in turn, have been brought about by the natural hazard of drought. Nobody can do anything about such events. So other ways of stabilising the economy must be sought. A reduction of Sales Tax is one such way. If this means budgeting for a larger national deficit, then this is only levelling out undesirable troughs in the curve of the national economy. It is borrowing from past or future good seasons to smooth the path of citizens during unfavorable seasons.

There is no doubt that South Australia's finances are now in as healthy a condition as interstate influences permit.

When you look at a photograph in a newspaper, you see a complete picture. You do not see the many thousands of small dots which make up the whole effect unless you look very closely - or unless groups of these dots are missing or are damaged.

The economy of the State is somewhat like this and the Government has to look at an overall picture and realize that it is made up from many hundreds of components, some small, some large. Any defect in any one of these components will show up in the total effect.

We have to ensure that each of these component parts is in a healthy condition. Where it is within the control of the Government, we have done this. Where it is beyond our control, we have to do all we can to influence the external conditions to correct such defects.

This, we feel, is the case regarding the Sales Tax situation. A decrease in Sales Tax must bring about more motor vehicle sales. More motor vehicle sales will bring more money to the automotive industry in this State. And more money coming back into the State means greater spending power available to other industries.

The automotive industry is not just one dot in the overall picture. It is many dots and has a significant effect on the whole broad canvas of South Australia's economy.

There are, of course, many other industries of equal importance to South Australia. But we will have to handle the job progressively and you, gentlemen, will appreciate that if we can obtain a concession in your field, many other people will also benefit.

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